



Creative Offense Supports Strong Defense

Last month we wrote about how a strong defense, the operational aspect of your business, can add dollars to your bottom line. In a close game, defense differentiates between the winner and the loser. The tighter you manage your inventory, DSOs, pricing strategies, and warehouse operations; synchronize your data; and evaluate and train your people, the better you will be able to add points to your bottom line.

While a great defense can add some points, an offense is needed to generate enough points to ensure victory. That's where sales and marketing come in.

Frequently teams like playing "follow the leader", modifying the success of others. But following the leader may not be the best strategy for your team. The basics of a football running game or passing game, however, do not change. There are still screen passes, fly patterns, quick slants, end-arounds and other common plays. Execution is the key.

To help you tweak your offense, here are six ways to help you score points in today's market.

Two Types of Offenses

There are essentially two schools of thought for growing the business during a slow economy without overhauling your team or going in a new direction. Both involve taking market share. You can either

1. Gain more with more, or
2. Gain more with less

The "*gain more with more*" philosophy states that you can take share through expansion, be it expansion of your customer reach, product offering, locations, etc...

The "*gain more with less*" philosophy takes the opposite approach. Its focus is to target resources and messages to those customers and product categories that generate the most demand, and target them for greater penetration.

Determining which strategy is right for you comes down to a management style. Some companies are more comfortable focusing their resources on selected customers and markets, others welcome the opportunity to enter new markets and reach out to new customers. Both styles, and strategies, can effectively help you prosper in the new economic environment.

"Gain More with More"

To gain more with more, companies either expand their footprint through branch openings and/or acquisitions, or, allocate more resources within their existing marketplace to either touch all existing accounts more frequently or to reach out to customers they are not selling to.

"Gain More with Less"

Gaining more with focus and account targeting can be a more challenging approach. It requires a laser focus on selected accounts and confidence in your abilities to build superior relationships, deliver superior service, execute flawlessly and deliver value-added services that address customer needs. And frequent follow-up is key to maintaining this focus. This approach requires the ability to ask questions, knowing your customer intimately and mining your data to identify opportunities within each of the selected accounts.

Achieving growth through either of these methods involves

- Conducting an account analysis, inclusive of reviewing the product mix by account
- Reviewing your sales and marketing footprint
- Evaluating your sales organization
- Account targeting
- Identifying customers' WIIFMs (What is in it for me)
- Consistently communicating your brand

Effectively implementing these sales and marketing initiatives will enable your to field an offense team that outscores your competition.



Developing the Plan

Your 2008 sales plan should start with an account review by customer segment and then by volume segment. Where does the revenue come from and where are there more opportunities? Remember, the typical electrician annually installs \$40-45,000 in materials. Do you know how many electricians your customers have? Similar multipliers exist for the industrial and commercial markets.

Next, develop a product mix analysis, by customer to see who you sell what to. Where are the opportunities to sell more? Which manufacturers do you need to partner with to pursue specific accounts? Arm your salespeople with the correct questions to ask to identify opportunities. Task your marketing department to work with sales to develop product segment specific strategies to generate demand from accounts that do not purchase selected products. Presumably they are purchasing from someone else. Strategies could include sampling, training, direct marketing and more. Remember to consider reviewing your pricing strategy. Should your pricing matrix be based upon what someone has bought, or what they could buy? If price is an issue, are SPAs, contracts and rebates a solution?

Reviewing your sales and marketing footprint

Once you conduct the analysis, you may determine that you should supplement your sales organization. Do you need additional resources to adequately contact more customers? Should they be tele-salespeople, should inside/counter salespeople be trained to do some tele-selling? Should you add salespeople to call on a different customer base? Should existing salespeople have their accounts reviewed (especially if they have had accounts on their list for 2+ years that have shown no sales improvement)? Some distributors are reporting significant success in hiring experienced salespeople who do not have electrical experience. These people know how to sell - ask questions, service customers, and manage internal resources. Product knowledge can be learned.

Consider mapping your accounts and overlaying your branch network (and possibly your sales territories). Are there holes? Does this represent opportunity to open new locations, acquire a competitor or hire new salespeople?

Additionally, if cash flow is strong and you are considering acquisitions, seek to either 1) gain synergies through contiguous geographic expansion, 2) acquire a competitor to reduce competition and gain quality people, or 3) acquire product expertise that you can integrate into your broader network.

If your plan is to grow through acquisition, consider if you are looking for a fill-in location, where the acquired company's brand may be irrelevant to you, or you are entering a new market where the quality of the acquired company, and its team, is critical to your longer-term success in the market. Consider doing pre-acquisition research in markets you are targeting.

Another way to expand is to use satellite storerooms either within customers or via job-site trailers. Today's technologies make this easier than ever.

Evaluate your sales organization

Unfortunately not all salespeople are created equal. Some are great at relationship building, some continue to be solid "order takers", while others are proactive and create opportunities. Like a football team, your team needs all types to cater to your different customers. Not everyone need be a Pro Bowler.

But have you aligned the right salesperson with the right customer? Do you know the training needs of your salespeople? Which ones fit your vision of a salesperson? Have you identified the attributes that you desire in your sales organization and developed a plan to help them achieve their potential?

Segmenting your sales organization can pay big dividends. Aligning their styles to their account lists typically results in greater account penetration and better sales management.



Account targeting

When business slows, focus is critical. Which accounts, projects, bids, and suppliers to focus upon is essential to maximize resources and effectiveness. Sales management needs to be more involved than when times are good as account-specific strategic input is necessary to marry customer demands with company resources.

For your sales organization, consider asking them to target 3-5 accounts that are currently doing "reasonable" business with you but much more with your competitor. Set a six month goal, then review, set new goals and identify 3-5 more accounts.

By focusing on a few accounts, your salespeople should be able to identify customer needs, determine why they are not purchasing from you, and develop a strategy to capture share. You will want to involve selected suppliers to targeted specific product groupings and may want to get your marketing department involved for relationship-building and training events.

If your sales organization needs training, now is the time to help them improve their skill set.

Identifying WIIFMs

We live in a capitalistic society where people want to know "what is in it for me". The WIIFM could be helping a customer achieve their goals, solve their problems, provide emergency service, better train them or a myriad of other reasons.

More personal, however, is the desire for either rebates for their company, to help them meet their objectives, or, non-cash rewards.

When used selectively, rebates/incentives can be effective growth tools in slow times. They effectively capture market share by providing recipients with another reason to do business with your company. Incentives are not a panacea for poor service and non-competitive pricing. They provide customers with an additional reason to do business with you if effectively used by your sales organization.

Since most incentive/rebate strategies are based upon performance, frequently these tools help either retain your business or significantly grow it with participating customers. Hence the effectiveness of targeting resources to customers can minimize your net investment.

Do they work? A 2005 contractor survey conducted by us asked:

- Do these programs change your purchase behavior (buy from one distributor vs. another)?
 - 44% responded sometimes
 - 25% responded yes
- Do incentive/promotional programs differentiate one distributor from another to you?
 - 57% responded yes
 - 43% responded no
- Do these programs increase your loyalty to a distributor?
 - 47% responded yes
 - 53% responded no

Identifying your customers' WIIFM's can help you strengthen your customer's loyalty to you while creating reasons for them, and others, to want to work more with you.

Consistently communicating your brand

When times are good, companies invest. During slow downs, companies seek ways to cut costs. One area that companies frequently reduce expenditures is brand development. For many, this accelerates a downward trend.

Why? While counter-intuitive, the reason is that branding strategies are typically a company's non-sales method for communicating with customers. The less you communicate your value-added services to your customers, the less they know what differentiates you or what you have to offer. The less they hear from you, the less "top of mind" awareness you can generate (and the more effective your sales organization needs to be).



Article Appearing in Electrical Wholesaling, December 2007



Allen Ray Associates
Discover your true profit potential

Research has shown that companies that invest in better understanding their customers, develop new services and continue to build their brand have shallower slow times and emerge from slowdowns at a faster growth rate.

Additionally, if you are growing at a slower rate, so may be some of your customers (or they may be growing faster but not with you! This can be a good time to gain input from them to better understand their needs, be it via focus groups, customer councils, surveys, interviewing, etc... This research can help you refine your message to better communicate what you want to be known for. With competition heating up for each customer, making them more aware of your strengths is critical to supporting your sales initiatives.

Strong Offense Scores Points

To win you need to score. A strong offense, clicking on all cylinders, can prosper in every environment. Building your offense takes a little time as well as a desire to make some changes. The strategies that worked in a strong market may not work in a slow market as weaknesses become more exposed. Now is the time to reload, retool and re-energize your sales and marketing efforts to capture greater share.

The size of the market may be growing more slowly, but your sales and profits do not need to grow at market rates. A strong offense, coupled with a strong defense, will help you achieve your goals.

Next month we'll touch on niche markets, those specialized areas where few play but opportunities exist.

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